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TAGS: [PREL](#) [EAID](#) [ZL](#) [EUN](#) [USEU](#) [BRUSSELS](#)

SUBJECT: EU-US BALKANS TROIKA: GROWING IMPATIENCE ON ICTY COMPLIANCE, LOOKING AHEAD ON KOSOVO

REF: A. USEU BRUSSELS 4265

[1](#)B. SKOPJE 1684

[1](#)C. TIRANA 1625

[1](#)D. USEU BRUSSELS 4317

Classified By: RICK HOLTZAPPLE, POLOFF, REASONS 1.4 (B/D)

SUMMARY

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[1](#)1. (C) On September 30, EUR/SCE Director Chuck English and EUR/ACE Deputy Director Pat Nelson-Douvelis met with the EU Troika (Dutch and Luxembourg Presidencies, Commission, Council Secretariat) to discuss Balkan affairs. The EU stressed the "twin track" approach for Serbia and Montenegro implied no weakening of ICTY conditionality. On Kosovo, the Commission is looking for money to help with post-riot reconstruction, but have not responded to the Eide report's recommendation for an economic development strategy. High Rep Solana's Balkans advisors see tough times ahead on getting to status discussions. The EU is toughening its message on ICTY compliance with all the relevant countries, but remains somewhat nervous about potential variance between US and EU approaches. Policy coordination between the US and EU on Macedonia and Albania is excellent. END SUMMARY.

Serbia and Montenegro: How the "Twin Track" Will Work

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[1](#)2. (C) Genoveva Ruiz Calavera, Deputy Head of the Commission's Serbia and Montenegro Unit, described the EU's new "twin track" approach in the same terms as reported Ref [1](#)A. She added that the Commission still believes it would have been better if SAM had been able to complete internal market harmonization, but the process had become caught in "endless disputes." The key now was to ensure that any Stabilization and Association Agreement is negotiated in a way that "would preserve the essentials of the State Union" such as its responsibility for foreign and defense policy, including political dialogue with the EU, and implementation of ICTY obligations. Ruiz Calavera also underlined that the EU expects that Montenegro must also continue to "bear the burden" of compliance with ICTY as well as Serbia. In particular, the EU would be pressuring Montenegro to rejoin the State Commission for ICTY cooperation. Ruiz Calavera also asked for US assistance "to calm down" the Montenegrins, who had overreacted to the EU's shift; "we told them not to think of applying this approach at the WTO or UN; and the next day they went to talk to the WTO."

[1](#)3. (C) English noted that we had also seen the Montenegrins misinterpreting the EU's new policy as an encouragement to the government's aspirations for independence. He also noted U.S. appreciation of and support for the EU's continued insistence on ICTY cooperation as a precondition for progress in the SAA process.

[1](#)4. (SBU) In a meeting on Oct 1 with EUR/ACE's Nelson-Douvelis, Commission SAM Unit Head Therese Sobieski explained that the "twin track" approach would not apply to the EU's CARDS program assistance to SAM, despite Montenegrin appeals. The CARDS program in SAM is budgeted at around 190m euros annually in 2005 and 2006, but the Commission has not yet wrestled with the question of what it will do with programs in municipalities that end up with Radical party governments after the recent elections. Hungary was putting lots of pressure on the Commission to take a tough line. Sobieski also said the Commission was looking at resuming macro-financial assistance to Belgrade, but that the GoSAM had not yet met the necessary IMF conditions.

KOSOVO

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[1](#)5. (SBU) In a very brief discussion on Kosovo, both sides agreed that the next several months were critical, leading up to the standards review in 2005. Ruiz Calavera said the Commission is currently looking for additional funds for Kosovo this year. If such funds could be identified, the EU would use them to support reconstruction efforts for cultural and religious sites damaged in the March rioting, supplementing the PISG's efforts to rebuild housing. English said such a move by the EU would be very welcome.

16. (SBU) In her October 1 meeting, Sobieski indicated the EU had not yet responded explicitly to the recommendation in the recent Eide report calling for a comprehensive economic development strategy. A major difficulty was that most economic competencies in Kosovo were among the powers already transferred from UNMIK to the PISG, but the Kosovar Ministry of Economy had been totally ineffective. Sobieski also noted that Pillar IV of UNMIK had recently issued a new report (a copy was provided to EUR/ACE) on promoting economic development.

17. (C) In a subsequent meeting, High Rep Solana's Balkan advisor Stefan Lehne noted the difficulties of getting a good result from the upcoming Kosovo elections. Lehne said that some of his Serbian contacts (Samardizic and Ratkovic) had hinted that Kostunica's initial negative response might not be the last word. But even more fundamental is the need to move from the standards process to the status issue; and Lehne thought it was "almost impossible" to see how Belgrade could go along with this transition in a constructive way. When English raised the decentralization project as a way of assuaging Serb concerns, Lehne commented that this would be hard for the Kosovar Albanians to give away before status, and that in any case, he thought security issues were more important to the Serbs than legal ones. English responded that decentralization was a critical part of the most important issue: majority-minority relations.

#### ICTY COOPERATION LACKING EVERYWHERE

18. (C) The EU shared the U.S. assessment that ICTY compliance remains a widespread problem in the region. Jan Lucas van Hoorn and Tony Agotha of the Dutch Presidency said that ICTY Prosecutor Carla Del Ponte had recently told the EU she had clear indications that fugitive indictee Ante Gotovina was in Croatia this summer. In late September, Commission President Romano Prodi called Croatian PM Sanader to complain about poor Croatian performance, and the next day the GoC produced a "hastily assembled" report on ICTY compliance, and organized a couple of ineffectual raids on the houses of suspected Gotovina supporters. Del Ponte has been invited to the October 11 EU FMs' meeting (GAERC), to provide a tough message on Serbia and send "a shot across the bow of Croatia."

19. (C) In Bosnia-Herzegovina, the Republika Srpska remained the key roadblock on better ICTY cooperation. If, as anticipated, the GoBH had met all the other conditions of the EU's feasibility study, the EU would be confronted with whether it would have to postpone SAA negotiations with the whole country because of the behavior of the RS. English noted that the U.S. continued to support High Representative Ashdown's efforts to prompt greater cooperation with ICTY, and that Ashdown would continue to get support if he decided to take further punitive measures. The Dutch Presidency's Agotha reported the EU was getting close to final approval of an asset freeze against fugitive ICTY indictees (details REF D), although for legal reasons it could not be applied against support networks.

110. (C) In his separate meeting, Stefan Lehne told English and Nelson-Douvelis that the EU remains concerned about a "disjuncture" between the messages being sent to the Serbs by ICTY ("give us everything") and the U.S. ("only Mladic matters"). Lehne said he always thought the Croatian model provided a better approach. English said that would depend entirely on what one thought the "Croatian model" was. If it was improve your cooperation with ICTY, and then look for some flexibility, then OK; but if it was cooperate on the little things, but refuse to deliver the big fish, then we could not accept it. Lehne did not respond directly, but said Solana remained frustrated that ICTY conditionality was blocking Serbia's progress toward an SAA with the EU and PfP with NATO. And without Serbia on a positive track toward Europe, then the Kosovo status problem was much more difficult.

#### BOSNIA-HERZEGOVINA

111. (C) John Dunne, of the Commission's Bosnia unit, reported that the GoBH was making progress on meeting the EU's conditions for starting of SAA negotiations, although Commissioner Patten was insisting on the need for more implementation of laws passed. Helene Holm-Pederson of the Council Secretariat commented that the EU-Bosnia ministerial troika during the UNGA had demonstrated yet again FM Ivanic's eloquent optimism and his lack of substance. Ivanic's one substantive point had been to repeat his call for a re-examination of the OHR mandate prior to elections in 2006.

112. (SBU) Holm-Pedersen also noted that neither the HDZ nor SDA had been helpful during parliamentary debate on legislation for a War Crimes Chamber in Bosnia. She observed

that the fact that "feelings are running high" on the issue might be a "good sign it will have some bite." English responded that the U.S. sees the War Crimes Chamber as an important part of ICTY's completion strategy, and we remained disappointed at the EU's meager contribution. Dunne said the Commission had funded 1.5 million euro, and would "keep under review" the possibility of further funding, but made no promises.

113. (C) Lehne, in his meeting, said that the OHR transition remained a "touchy question", particularly what should be done with OHR's "Bonn Powers." But there seemed to be a growing appetite for moving ahead with a change, perhaps by "parking" the Bonn Powers with the PIC. Lehne cautioned, however, that he was concerned about ideas floating that the EU could somehow take over full responsibility on behalf of the international community in Bosnia, or even in Kosovo. "The EU is ready to engage more," he said, "but we can't do too much too quickly."

#### MACEDONIA -----

114. (C) Ambassador Jean Louis Wolzfeld, representing the upcoming Luxembourg Presidency, said the November 7 referendum on the decentralization was a discouraging development, whatever the result. In the best of circumstances it has slowed implementation of the law, and it will likely undermine the confidence of ethnic Albanians in the Ohrid Framework Agreement. Nonetheless, the EU would continue to speak out in favor of the decentralization law as a necessary element of the Framework Agreement, which is, in turn, a necessary step on Macedonia's path toward the EU. Wolzfeld also recalled that the European Commission was due to issue its opinion ("avis") on Macedonia's EU membership application by mid-2005.

115. (C) Lehne, for his part, saw the US and EU messages to Macedonia (REF B) as well coordinated. He argued the EU line, as elaborated by Wolzfeld, was "clear to anyone who can read." There was no need for the EU or US to suggest a boycott strategy. He predicted the GoM would probably appeal for voters to abstain, and at that point the EU and US could make supportive statements. (The Dutch Presidency had earlier half-jokingly suggested the campaign slogan, "If you want to travel (i.e., get a looser EU visa regime), then stay home.")

#### ALBANIA -----

116. (C) The Dutch Presidency expressed its appreciation for U.S. support in its recent demarche to Albania on the need for accelerated reforms (REF C). But the EU was concerned by PM Nano's reaction. It appears Nano has not gotten the message about how serious the problems are. (NOTE: At a Sept. 30 dinner for English and Nelson-Douvelis, Albanian Ambassador to the EU Artur Kuko (protect) said he shared the EU's concern that the PM did not understand the seriousness of the situation. END NOTE.) Nano's response has been to cite the GoA's responsible behavior on Kosovo and the "Greater Albania" question, and assume that trumps everything. The European Commission, meanwhile, has cancelled, for technical reasons, the next round of SAA negotiations planned for early October.

SCHNABEL